



DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Dallas Field Office – Audit Division
3900 Karina Street, Room 224
Denton, Texas 76208

June 16, 2003

MEMORANDUM

TO: Edward Buikema, Regional Director
FEMA Region V
Tonda L. Hadley

FROM: Tonda L. Hadley, Field Office Director

SUBJECT: Overpayment to the Minnesota Department of Natural Resources
Fire Suppression Assistance (FSA) Grant No. 2345 (Carlos Edge Fire)
Public Assistance Identification Number 000-U3V5J-00
Audit Report Number DD-09-03

The Office of Inspector General (OIG) conducted a preliminary file review of several applicants identified for potential audits at FEMA Region V offices in Chicago, Illinois. During this review, the OIG found that FEMA overpaid the Minnesota Department of Natural Resources (State) \$42,789 under Fire Suppression Assistance (FSA) Grant No. 2345. The FSA grant provided 100 percent FEMA funding of eligible costs.

On December 20, 2002, the State submitted a request for indirect costs associated with \$57,435 direct labor costs for its employees who were involved in fighting the Carlos Edge fire. FEMA had previously reimbursed the State for the direct labor costs. This request was for indirect costs at the approved rate of 25.5 percent applied to the \$57,435 direct labor costs, which would have totaled \$14,646.

However, rather than paying the \$14,646 indirect costs, FEMA mistakenly paid the \$57,435 direct labor costs a second time under Project Worksheet 1 (Version 2), which resulted in an overpayment of \$42,789. Therefore, the OIG recommended the FEMA Regional Director disallow the \$42,789 overpayment to the State.

On May 22, 2003, the OIG discussed this matter with FEMA Region V officials who agreed with our finding and recommendation. Please advise this office by July 16, 2003, of the actions taken or planned to implement the audit recommendation. Please include target completion dates for any planned actions.

If you have any questions concerning this report, please call me at (940) 891-8900. The major contributor to this report was Moises Dugan.